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• Overview of IIT Policies in GBA
• Introduction of 2020 IIT Subsidies
• 2019 IIT Subsidies Application Sharing
  1. Shenzhen
  2. Dongguan
  3. Guangzhou
• Outlook for 2020 IIT Subsidies Application
Overview of IIT Policies in GBA
Zhuhai have been subsidizing Hong Kong and Macao residents working in Hengqin district for the IIT paid based on the tax difference between two places. The first subsidy (rmb38,000) was granted on March 19, 2014.

The Central Committee and the State Council released “Guangdong-Hong Kong-Macau Greater Bay Area Development Plan”.

The Ministry of Finance and the National Tax Bureau formulated "Notice on the Individual Income Tax Preferential Policies for Guangdong-Hong Kong-Macau Greater Bay Area".

The Guangdong Provincial Department of Finance and Tax Bureau promulgated "Notice on Implementing the Preferential Policies for Individual Income Tax in Guangdong-Hong Kong-Macau Greater Bay Area ".

Four Department* jointly released “Notice of Continuing to Implement Preferential Individual Income Tax Policies in the Guangdong-Hong Kong-Macau Greater Bay Area”.

*The Guangdong Provincial Department of Finance; Tax Bureau; Guangdong Provincial Department of Science and Technology; Guangdong Provincial Department of Human Resources and Social Security.
Main contents

Issued by: 2020-12-31

Implemented on: 2020-01-01 to 2023-12-31

GBA (nine cities)
Guangzhou, Shenzhen Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing.

Target applicant
Hong Kong, Macao, Taiwan and overseas high-end talents and critically lacking talents working in GBA area

Subsidy
Formula: Subsidy amount = Tax paid in GBA - taxable income * 15%
Taxable income: 1,000,000
Income tax: 268,080 (27%)
Subsidy: 268,080 - 100,000 * 15% = 118,080
Introduction of 2020 IIT Subsidies (SZ/GZ/DG/FS)
### Who can apply

**Identity requirement**

<table>
<thead>
<tr>
<th>GZ/ DG/ FS</th>
<th>SZ (additional for SZ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Permanent residents of Hong Kong or Macao;</td>
<td>• Mainland residents who have settled down in Hong Kong or Macao and had cancelled their mainland hukou/household registration;</td>
</tr>
<tr>
<td>• Hong Kong residents who came to Hong Kong via the Hong Kong entry scheme for talents, professionals, and entrepreneurs;</td>
<td></td>
</tr>
<tr>
<td>• Residents of Taiwan</td>
<td></td>
</tr>
<tr>
<td>• Foreigners</td>
<td>• Foreigners the taxable income is no less than RMB 500,000. (2019 practice)</td>
</tr>
<tr>
<td>• Overseas Chinese returnee who have obtained the right of long-term residence abroad.</td>
<td></td>
</tr>
<tr>
<td>• Overseas Chinese residing abroad.</td>
<td></td>
</tr>
</tbody>
</table>
Who can apply

Working requirement

<table>
<thead>
<tr>
<th>GZ</th>
<th>FS</th>
<th>SZ</th>
<th>DG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work in GZ for &gt; 90days (accumulatively)</td>
<td>NA</td>
<td>Work in SZ for &gt; 90days (accumulatively)</td>
<td>1. For high-end talents: NA</td>
</tr>
<tr>
<td>(less than 24h=0.5days)</td>
<td></td>
<td></td>
<td>2. For critically lacking talents: more than 6 months (accumulatively)</td>
</tr>
</tbody>
</table>

1. Applicants shall be employed by enterprises and other institutions registered in Guangzhou during the tax year,
2. Applicants provide independent personal services in Guangzhou,
3. Applicants engage in production and business activities in Guangzhou.

1. The applicant has concluded a labor (employment) contract with an employer in Shenzhen, or
2. If the applicant is dispatched by an overseas employer, the overseas employer of the applicant has concluded a dispatch contract with the accepting entity in Shenzhen.

1. Applicants work in Dongguan during the tax year and pay taxes in Dongguan according to law.
2. For critically lacking talents: Signed a labor contract or labor service contract with the employer; must still be on the job at the time of application. The relevant position and competency must be publicized within the company for more than 5 working days (inclusive), and there is no objection.
### Others

<table>
<thead>
<tr>
<th>GZ</th>
<th>FS</th>
<th>DG</th>
<th>SZ</th>
</tr>
</thead>
</table>
| 1. The applicant shall abide by laws and regulations, research ethics and research integrity.  
2. The applicant shall not be primarily or directly responsible for the misconduct in the company or serving as the legal representative or person in charge. | 1. The applicant shall abide by laws and regulations, research ethics and research integrity.  
2. The employer of the applicant shall abide by laws and regulations. |
| The applicant has not enjoyed any one of below incentives/subsidies for talents in 2020:  
1. Shenzhen Talent Award for Industrial Development and Innovation;  
2. Special fund for guiding talent development and guidance in Shenzhen  
3. Talent support funds for Shenzhen headquarters Enterprises. |
| The applicant pay IIT in accordance with law and finish annual tax filling as required  
The applicant has a Class I (full-function) settlement bank account in mainland China (for accepting the fund) |
### Who can apply

#### Talent’s requirement

<table>
<thead>
<tr>
<th>GZ</th>
<th>FS</th>
<th>DG</th>
<th>SZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Candidate of the state, provincial, or municipal major talent projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas high-level talent recognized by the state, provincial, or municipal government</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>holding “Guangdong talent card/Guangzhou Talent Green Card.”</td>
<td>holding “Guangdong talent card or Foshan card A card or B card talents (YOUYUE card)”</td>
<td>holding “Guangdong talent card or Dongguan Talent Card”</td>
<td>holding “Guangdong talent card”</td>
</tr>
<tr>
<td>Talent with work permit (Type A) or confirmation letter for foreign high-end talent.</td>
<td>Talent with permanent residency in China, work permit (Type A and Type B) or confirmation letter for foreign high-end talent.</td>
<td>Talent with work permit (Type A) or confirmation letter for foreign high-end talent.</td>
<td>Talent with permanent residency in China, work permit (Type A and Type B) or confirmation letter for foreign high-end talent.</td>
</tr>
</tbody>
</table>
Who can apply

Talent's requirement

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<th>GZ</th>
<th>FS</th>
<th>DG</th>
<th>SZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Senior management talents who have worked in internationally renowned financial institutions or internationally renowned accounting firms.</td>
<td>• Talents who have obtained a doctorate degree or have post-doctorate experience; • Core members of the scientific and technological innovation team;</td>
<td>• Holding important positions in advanced key enterprises • Holding professional license.. Physicians, lawyers, engineers, architects, accountants…</td>
<td>• Managers above middle level, members of scientific research team, technical and skill backbones and excellent young talent who start business or are employed in key industries and fields to be developed in Shenzhen.</td>
</tr>
<tr>
<td>• Talents in Guangzhou critically lacking talents List (the taxable income is no less than RMB 300,000)</td>
<td>• Talents in Foshan critically lacking talents List</td>
<td>• Talents in Dongguan critically lacking talents List</td>
<td></td>
</tr>
</tbody>
</table>
2019 IIT Subsidies Application Sharing

- Shenzhen
IIT subsidy policy in Shenzhen for 2019

Application and approval procedures (for employed oversea talent)

- Apply by individual
- Employer review
- Acceptance of application
- Government review
  - Calculation of subsidy by government
  - Release of subsidy
  - Handling of argument
IIT subsidy policy in Shenzhen for 2019

**Application and approval procedures** *(for employed oversea talent)*

- **Apply by individual**
  - from 1\textsuperscript{st} Aug 2020 to 31\textsuperscript{st} Aug 2020, then got extended to 15\textsuperscript{th} Sep 2020

- **Employer review**
  - from 1\textsuperscript{st} Aug 2020 to 31\textsuperscript{st} Aug 2020, then got extended to 15\textsuperscript{th} Sep 2020

- **Acceptance of application**
  - within 5 working days after the application along with complete requested documents submitted
IIT subsidy policy in Shenzhen for 2019

Application and approval procedures (for employed oversea talent)

Government review
- within 120 days after the application was accepted, could extend for another 30 days if the government thought it’s necessary

Subsidy Calculation and Release
- No detailed regulation on the time
- For the clients we helped apply, they all received the payment within Dec 2020

Handling of argument
- The applicant needs submit the argument within 30 days after received the subsidy
- The government needs complete the review on calculation within 60 days after the argument was received
Key reminders for subsidy application

1. The identity information of an applicant shall be consistent with what used for IIT filing, bank account opening etc.

2. Better get your IIT APP registered in case some confirmation may need to be made on it.

3. Make sure your IIT filing for year 2020 is correct.

4. If the applicant provides independent personal services in Shenzhen, the service contract in Shenzhen shall be required.
Key reminders for subsidy application

Where an applicant who meets the conditions for subsidy fails to file an application within the prescribed time limit of the current year, he may file an application retroactively within the time limit for applying for subsidy of the next year.

If he fails to make the application again within the time limit, the application shall not be accepted, and the subsidy shall not be granted.

If the applicant changed employer, the application shall be made through the employer which satisfies relevant conditions, and the applicant has worked for such employer for 90 days in the tax year (per the regulations for 2019 IIT subsidy).

Though the regulation says, the former employer shall cooperate in the application, not all companies would like to help, better check with them in advance to see whether they are willing to assist.
Key reminders for subsidy application

➢ For IIT subsidy for year 2019, Shenzhen government stipulated to use a simple formula to calculate the amount of the subsidy, which could be simplified as:

• IIT subsidy amount = IIT paid for 2019 - taxable income of 2019 * 15%

But for the subsidy for 2020 and the following years (pending), per the regulation there will be 2 methods to compute the amount of the subsidy, including the simple formula used in 2019 IIT subsidy application and a more complicated one which could be simplified as:

• IIT subsidy amount = IIT paid for 2020 - IIT of 2020 calculated per HK tax policy
2019 IIT Subsidies Application Sharing
-Dongguan
Case Sharing

In 2020, we have successfully helped one CFO in one Dongguan trading company to apply for IIT subsidy.

Applicant brief introduce:

1. Mr. A (foreigner) stays in China for more than 183 days in 2019, (qualified as Chinese tax resident), works for one DG trading company.

2. Annual salary: RMB700,000 / special deduction amount: RMB48,000 / Paid individual income tax: RMB592,000

Note: The procedure varies among different cities.
Application process

Assess A's qualification and estimate the IIT subsidy (the calculation as below table)

Determine which department to apply to and check with the specific applied documents required (as below list)

Online processing with the application

Government department conduct on-site inspection in the company where the applicant works

Government department inform the result and release the IIT subsidy to applicant's personal bank account
## Case Calculation illustration

<table>
<thead>
<tr>
<th>Item</th>
<th>2019 (RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income (A)</td>
<td>700,000.00</td>
</tr>
<tr>
<td>Deductions: (fixed) - (B)</td>
<td>60,000.00</td>
</tr>
<tr>
<td>Special deductions - C</td>
<td>48,000.00</td>
</tr>
<tr>
<td>Taxable income (D = A - B - C)</td>
<td>592,000.00</td>
</tr>
<tr>
<td>Individual Income Tax (E)</td>
<td>124,680.00</td>
</tr>
<tr>
<td>IIT subsidy (F)</td>
<td>124,680 - 592,000 * 15% = 35,880</td>
</tr>
</tbody>
</table>
Application channel and documents required

Application channel:

Step 1. Log in the E-tax bureau system of Natural person as below link screenshot (chinatax.gov.cn), Query personal tax data, personal tax data required to apply for subsidies, and obtain query serial numbers.
Application channel and documents required

Step 2. Fill in the relevant declaration information materials.
Application required documents

- Fill up the application form
- Public announcement of job recognition
- The applicant's power of attorney
- The commitment letter of the applicant company
- Required Doc.
- Other required (if needed)
- The commitment letter of the applicant personal
- Other required (if needed)
Reminder of the application process

Applicants must first register with their real names before they can start normal operations online.

The whole procedure of IIT subsidy taken time was from 1ST Aug 2020 and the applicant receive the IIT subsidy on Dec end 2020.
Key reminder to the applicant

Where an applicant who are eligible but do not apply within the specified time can make up the application within the time of accepting the application in the following year, and if the application is overdue again, the application shall not be accepted, and the subsidy shall not be granted.

If the applicant's personal income tax is withheld by the withholding agent, the withholding agent will generally apply for the financial subsidy on behalf of the applicant. Applicants who pay personal income tax by their own declaration shall apply by his/her own.
2019 IIT Subsidies Application Sharing

-Guangzhou
<table>
<thead>
<tr>
<th></th>
<th>A applicant</th>
<th>B applicant</th>
<th>C applicant</th>
<th>D applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Work for GZ Company, but stays in GZ for less than 90 days</td>
<td>Stay in GZ for Between 90-183 days</td>
<td>Stays in China for more than 183 days</td>
<td>Stays in China for more than 183 days</td>
</tr>
<tr>
<td></td>
<td>Non -tax resident</td>
<td>Non -tax resident</td>
<td>Tax resident</td>
<td>Tax resident</td>
</tr>
<tr>
<td></td>
<td>Did not do tax filling</td>
<td>Did not do tax filling</td>
<td>Did tax filling and there is taxes refund</td>
<td>Change two passport</td>
</tr>
<tr>
<td></td>
<td>Not qualified</td>
<td>Applied</td>
<td>Applied after receiving refund</td>
<td>Did tax filling but there are two passport with two record</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Applied after filling</td>
</tr>
</tbody>
</table>
During application
Materials preparing & requirement

Who to submit and How
1. In the name of company or in the name of applicant
2. Online or off-line?

Materials required
1. What kind of materials need to be submitted
2. What are the requirements the materials (Signature? Company chop? Legal representative signature?)

Problems in submission
1. Change three passports and have two company in 2019.
2. Different name on IIT filling / bank card /application. Can the subsidy be released to bank if the name is different?

Following up problem
1. Usual supplementary requirement (Bank information/ Unclear scanned copy of the materials…)
2. How to repatriate the subsidy to home country
Outlook for 2020 IIT Subsidies Application
Timeline for 2020

- July 1st: Dongguan
- July 15th: Jiangmen
- July 20th: Zhongshan
- July 20th: Zhaoqing
- August 1st: Guangzhou
- August 1st: Foshan
- August 15th: Huizhou
- August 31st: Shenzhen
- Sep 15th: Shenzhen
How to prepare for the 2020 IIT subsidy

• **Check for requirement**
  ✓ Do I meet the requirement?
  ✓ Can I provide the required materials?

• **Health check for IIT status**
  ✓ Have I declared and paid IIT correctly in 2020?
  ✓ Have I finished the IIT annual filling as required?
  ✓ Is my tax file qualified for the application?

• **Full Communication between employee & employer**
  ✓ If my individual income tax is borne by my company, can I get the subsidy?
Kind reminder for the 2020 IIT subsidy

• The earlier the better
  ✓ Leave enough time for coordination & communication with employer.
  ✓ Leave enough time for correction, If the IIT declaration and filling is not qualified.
  ✓ If the application materials do not meet the requirement and are returned, can submit again before deadline

• Search for professional help
  ✓ Bridge between employer and employee
  ✓ Qualification assessment & IIT health check before application
  ✓ Materials preparation, checking, submission
  ✓ Communication with subsidies handling officials
  ✓ Monitoring and following up whole process
  ✓ Subsidies repatriate
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